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ABSTRACT

This is the thirty-second in a set of 36 teacher guides to the Entrepreneurship Training modules and accompanies CE 031 092. The purpose of the module is to give students some idea of what it is like to own and operate a welding business. Following an overview are general notes on use of the module. Suggested steps for module use contain suggestions on introducing the module, a brief discussion of the nine units, responses to learning activities, suggestions for summarizing the module, and responses to the quiz. The units are Planning a Welding Business; Choosing a Location; Getting Money to Start; Being in Charge; Organizing the Work; Setting Prices; Advertising and Selling; Keeping Financial Records; and Keeping Your Business Successful. Each unit contains a case study; responses to individual activities; responses to discussion questions; and a group activity. Suggested readings for the teacher and a list of goals and objectives complete the module. (CT)

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Entrepreneurship Training Components

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GETTING DOWN TO BUSINESS:

Welding Business

Module 32

Teacher Guide

CE031092

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GETTING DOWN TO BUSINESS:

Welding Business

Joyce P. Gall

May 1981

Developed at the American Institutes for Research
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OVERVIEW

The purpose of these Getting Down to Business modules is to provide high school students in vocational classes with an introduction to the career option of small business ownership and to the management skills necessary for successful operation of a small business. Developed under contract to the Office of Vocational and Adult Education, U.S. Department of Education, the materials are designed to acquaint a variety of vocational students with entrepreneurship opportunities and to help reduce the high failure rate of small businesses.

As the students become familiar with the rewards and demands of small business ownership, they will be able to make more informed decisions regarding their own interest in this career possibility. It is hoped that, as a result of using these materials, some students will enter small business ownership more prepared for its challenges. Others will decide that entrepreneurship is not well suited to their abilities and interests, and they will pursue other career paths. Both decisions are valid. The materials will encourage students to choose what is best for them.

These Getting Down to Business modules are designed to be inserted into ongoing high school vocational programs in the seven vocational disciplines--Agriculture, Distributive Education, Occupational Home Economics, Business and Office, Trades and Industry, Technical, and Health. They will serve as a brief supplement to the technical instruction of vocational courses, which prepare students well for being competent employees but which generally do not equip them with skills related to small business ownership. The modules are self-contained and require a minimum of outside training and preparation on the part of instructors. Needed outside resources include only those types of materials available to all students, such as telephone directories, newspapers, and city maps. No special texts or reference materials are required. For further optional reading by instructors, additional references are listed at the end of the Teacher Guide. An annotated Resource Guide describing especially valuable entrepreneurship-related materials is also available.

The purpose of this module is to give students some idea of what it is like to own and operate a welding business. Students will have an opportunity to learn about the kinds of activities and decisions a welding business owner is involved in every day. While the module is not a complete "how-to" manual, the individual activities will provide your class with the chance to practice many of these activities and decisions.

Today, owners of small businesses face many problems--some minor, some not so easily taken care of. These problems are reflections of the changes our society is going through. While this module cannot address itself to all of them, the discussion questions at the end of each unit are designed to give students an opportunity to explore possible solutions.

You may want to present this module after completing Module 1, Getting Down to Business: What's It All About? Module 1 is a 16-hour program

covering a more in-depth approach to owning any small business. The terms introduced in Module 1 are used in this module with a restatement of their definitions. Also, the forms used are the same, with some minor changes to fit a welding business specifically. Module 1 provides an introduction to owning a small business in addition to some skills and activities that, due to their general nature, are not covered in this module.

Content Organization

Each unit of the module contains the following:

1. Divider Page--a list of what the student should be able to do at the end of that unit.

2. Case Study--an account of a business owner in the field.

3. Text--three to four pages outlining business management principles introduced in the case study but focused more on the student.

4. Learning Activities--three separate sections, including:

   a. Individual Activities--finding information given in the text or applying information in the text to new situations.

   b. Discussion Questions--considering broad issues introduced in the text; several different points of view may be justifiable.

   c. Group Activity--taking part in a more creative and action-oriented activity; some activities may focus on values clarification.

General Notes on Use of the Module

Instructional Time:	Each unit = 1 class period; total class periods	= 9
	Introduction, quiz, summary	= 1
	Total instructional time	= 10 class periods

The case study and text are central to the program's content and are based on the instructional objectives appearing in the last section of this Guide. Learning activities are also linked to these objectives. You will probably not have time, however, to introduce all the learning activities in each unit. Instead, you will want to select those that appear most related to course objectives, are most interesting to and appropriate for your students, and are best suited to your particular classroom setting. Certain learning activities may require extra classroom time and may be used as supplementary activities if desired.

Before presenting the module to the class, you should review both the Student and Teacher Guides and formulate your own personal instructional approach. Depending on the nature of your classroom setting and the students' abilities, you may want to present the case study and text by

instructional means that do not rely on students' reading--for example, through a lecture/question-answer format. Case studies and certain learning activities may be presented as skits or role-playing situations.

No particular section of the module is designated as homework, but you may wish to assign certain portions of the module to be completed out of class. You may want students to read the case study and text in preparation for discussion in the next class period, or you may want them to review the material at home after the class discussion. You may also prefer that students read the material in class. Similarly, individual activities may be completed in class or for homework. Discussion questions and group activities are specially intended for classroom use, although some outside preparation by students may also be needed (for example, in the case of visiting a small business and interviewing the owner).

Methods that enhance student interest in the material and that emphasize student participation should be used as much as possible. Do not seek to cover material exhaustively, but view the course as a brief introduction to entrepreneurship skills. Assume that students will obtain more job training and business experience before launching an entrepreneurial career.

The quiz may be used as a formal evaluation of student learning or as a self-assessment tool for students. Answers to learning activities and the quiz are provided in a later section of this guide.

SUGGESTED STEPS FOR MODULE USE

Introduction (15 minutes, or integrate within first hour of Unit 1)

I. In introducing this module, you might wish to discuss the personal qualities and physical abilities that are necessary to be a successful welding business owner. Running this type of business:
   - requires physical endurance, good eyesight, and a steady hand.
   - requires being conscious of your own safety and the safety of those who use your products/services. That is, you must work carefully and create a sound joint.

II. Discuss small businesses briefly. Over 90% of all businesses in the United States are small businesses. In this module we will be dealing with very small businesses, meaning a self-employed owner working alone or with one to four employees. Often small businesses are owned and run by members of a family.

III. Discuss the purposes of the module:
   - To increase students' awareness of small business ownership as a career option.
   - To acquaint students with the skills and personal qualities welding business owners need to succeed.
   - To acquaint students with the kind of work small business owners do in addition to using their vocational skills.
   - To expose students to the advantages and disadvantages of small business ownership.

IV. Emphasize that even if students think they lack management aptitudes, some abilities can be developed. If students "turn on" to the idea of small business ownership, they can work at acquiring abilities they don't have.

Also, students who work through this module will have gained valuable insights into how and why business decisions are made. Even if they later choose careers as employees, they will be better equipped to help the business succeed because of their understanding.

Unit 1 - Planning a Welding Business (1 class period)

I. Case Study: Ben Miller owns West Coast Welding, which specializes in "ornamental security": designing, making, painting, and installing ornamental iron gates, fences, and grates for homes and businesses.

Text: Products and Services of a Small Welding Business
Important Personal Qualities
How to Compete
Legal Requirements

Optional Point to Present:

- What is unique about a welding business selling products as well as services?

II. Responses to Individual Activities

1. Repair equipment. Make metal furniture--e.g., cabinets. Construct metal baseplates, stairs, ladders, etc. Make fences and gates. Repair cars or bikes.

2. The more "checks" students have, the better their chances of success in a small welding business.

3. A small welding business could specialize in: heavy equipment repair; repair of small vehicles like bicycles and scooters; constructing cabinets or shelving; or making metal sculpture for parks or businesses.

4. The teacher should judge each student's answer as to: (a) appeal and (b) whether it gives a good idea of the special service or product the welding business offers. For example, "Founder's Art" (a takeoff on "foundry art"), would be a good name for a welder who makes metal sculpture.

5. Unless the weld is sound, the materials could break apart when they are under stress--for example, if a bridge has unusually heavy traffic, the metal girders under the roadway could detach from the bridge structure. Certification means the welder has passed an exam concerning knowledge of the heat and penetration properties of specific metals, and has demonstrated skill in welding those metals in accordance with specified standards of durability and safety.

III. Responses to Discussion Questions

1. Possible reasons: To allow him to concentrate on his special love--designing, making, and installing fences, etc. To be his own boss. To make more money. To have more variety, challenge, decision-making responsibility, etc. Possible problems: Never having the work end, having all the worries on his own shoulders. Perhaps making less money at first. Not having a steady income.

2. Welders work with gas, flame, and flammable materials. A fire inspector would check for gas leaks; proper disposal or storage of flammables; whether there is a fire extinguisher in workable condition; whether the fire department's phone number is prominently posted; and so forth. Welders also use drills, files, and saws that move quickly. Such equipment can cause damage itself or can propel metal fragments at high speeds. Materials left on the floor could also cause someone to slip and fall. A safety inspector would check whether there were

loose wires or cords around, whether the work areas were kept clean, whether the workers wore goggles and protective clothing while welding, and so forth.

3. Ornamental security is a good example of how someone can combine skill in a trade (in this case, welding) with other skills (skill in design, selling, and installation) to meet a need that is quite likely to grow. As crime increases and as more people buy condominiums or live in apartment complexes, there is a growing concern for making one's home secure. Fences, gates, and window grates help deter intruders. The ornamental aspect of Ben's business appeals to people's desire to make their property more attractive and unique. Customers this would appeal to: Owners or renters of apartments, condominiums, or wealthy homes who are concerned with the safety and appearance of their property. The market is likely to grow, since in populous areas people are living closer together in large buildings. As the population density increases, the crime rate also increases, including theft and other crimes involving break-ins.

IV. Group Activity

The purpose of this activity is to give students direct contact with a small welding business owner/manager and to give them real-life information about that person's experience in planning and starting a business. An additional purpose is to increase their skills in writing and asking interview questions.

Help students locate an appropriate welding business. Personal contacts and the Yellow Pages are possible sources of information.

Review the list of questions beforehand and give feedback as to whether they will provide information relevant to the unit's objectives. If possible, suggest and then check revisions by students.

After the interview is completed, you might discuss with students the problems and benefits the person interviewed has in his or her work. Ask what they learned that goes along with, or contrasts with, the information in this module.

Unit 2 - Choosing a Location (1 class period)

I. Case Study: Ben Miller chooses a location that has the most important things his business needs: good electric power and enough space. He passes up a location with extra storage and office space as being too costly for now.

Text: Factors in Choosing a Location
Checking a Location

Optional Point to Present:

- Emphasize that noise and waste disposal are very important considerations in choosing a location for a welding business.

II. Responses to Individual Activities

1. Advantages: The other shop might refer customers to Ben for welding services it does not offer. If Ben needs a special piece of welding equipment or if one of his machines breaks down, he may be able to borrow equipment from the other shop.

   Disadvantages: The two shops are still in competition for any common products or services they provide. Ben's employees could be hired away from him by the other shop.

2. b, a, a, b

3.

A	B	C
1	3	2
3	1	2
3	1	2
3	1	2
10	6	8

   A is the best site overall.

4. Advantage: The gas station may be able to refer customers to you. Plenty of people will see your shop.

   Disadvantage: Your noise may bother customers or employees of the gas station. The rent may be high because it is a busy area.

III. Responses to Discussion Questions

1. Possible uses: A place for you and your partners to handle bookkeeping and paying bills, to store materials and equipment needed for welding, to display samples of the storage units you make, or to serve coffee and tea to customers.

   Factors to consider: What is the most critical need for the business? Are there other places where some of these things can be done (for example, store materials in storage units in the shop area; have a coffee pot just inside the front door)?

2. The larger location would have been worse because of the higher rent, and there might possibly have been problems with neighboring tenants because of the noise and waste material. It would have been better because of the greater space for storage and display, and possibly because a downtown location would make Ben's work more visible and attract more customers in a high income bracket.

3. Two criteria for deciding whether there's a need: (a) Are there wealthy homes, condominiums, and apartments in your area? If you live in an area of modest homes, there would be less demand for ornamental security. (b) Is anyone in the area already offering this type of service--in other words, is there much competition? If so, you might want to offer a different special service.

IV. Group Activity

The purpose of this activity is to give students actual experience in evaluating a welding business location.

Help students locate an appropriate welding business. Personal contacts and the Yellow Pages are possible sources of information.

Lead a discussion of the strong and weak points of the business location they visited. Ask whether there are other ways they might have obtained additional information about this business location, and what other information would be useful.

Unit 3 - Getting Money to Start (1 class period)

I. Case Study: Ben Miller writes a business description and prepares a statement of financial need for his planned welding business. He succeeds in getting a bank loan.

Text: Business Description
Statement of Financial Need

II. Responses to Individual Activities

1. Advantages: Friends may not charge interest. You don't need to spend a great deal of time convincing people who already know you that they can trust you, etc. Friends may be more willing to help you out than a lending institution.

Disadvantages: Friendships often suffer when a loan is not paid back promptly. Your friends may need the money themselves. Being in debt to a friend may make you feel uncomfortable around that person.

2. Products or services the business will provide. The business location and why you chose it. Kind and amount of competition. Number and type of potential customers. Plan for making the business compete successfully.

3. STATEMENT OF FINANCIAL NEED

		Total Money on Hand	$7,000
		Total Expenses	$9,000
		Total Money on Hand	$7,000
		Total Business Loan Needed	$2,000
Total Expenses	$9,000		

4. Advertising; Building and Property; Materials; Equipment and Furniture. Likely to go down: Advertising, because once Ben gets enough customers and builds up his clientele, he won't need to spend as much on advertising; Equipment and Furniture, because once Ben has bought enough equipment and furniture to get started, he will not need more except for replacement or growth.

III. Responses to Discussion Questions

1. Business description: It forces you to spell out in writing the total plan for your business. In case you do decide to ask for a loan, your description will be ready.

   Statement of financial need: It helps you think of all the sources of money you might use to finance your business. Having to estimate all your start-up expenses helps you plan more thoroughly and realistically. After filling out the statement, you may decide you need a loan after all.

2. Any of the three answers may be best, depending on the explanation given. For example:

   Products and services: Because you are sure of those and can say more about them. Because the special products or services you provide is your strategy for beating the competition.

   Business location: Because the success of a welding business hinges on a good location and your choice should be described thoroughly. Because you have a truly unique location and you want to explain how it is unique.

   Potential competition: Because you are entering a crowded market and want to show you're aware of this. Because you want to describe how what you will offer differs from what various competitors offer.

3. Options: Bank, credit union, Small Business Administration. Possible advantages: May have money set aside for small business loans. You're dealing with a known institution and the terms are laid out. Possible disadvantages: Interest rate may be high. Your loan application may be denied.

IV. Group Activity

The purpose of this activity is to give students practice in writing a business description for a welding business.

You should read the business description and give writers feedback on (a) its completeness and accuracy and (b) how persuasive it seems--that is, how likely you think the lending institution will be to grant the loan, and why.

Unit 4 - Being in Charge (1 class period)

I. Case Study: Ben Miller contracts out his bookkeeping and hires two assistant welders. Ben trains his second assistant.

Text: Dividing the Work
Paying for Services
Hiring Employees
Supervising and Training Employees
What to Look for in Hiring

II. Responses to Individual Activities

1. Good at arithmetic: his/her figures will be accurate. Thorough and careful: he/she will keep detailed and accurate records. Neat and orderly: I will be able to understand the records myself. Polite and pleasant: I will be able to get along with this person.

2. Possible benefits: Ben could sell more products and services. Ben could add new products and services. Carl may bring some new customers to the business.

   Possible problems: Ben will have the job of supervising Carl. Carl's salary will be added to Ben's operating expenses. If Carl doesn't do a good job, it will reflect on Ben's business.

3. Hire an assistant to do repair jobs. Refer people who need repair work to other welding businesses. Take repair work only when he has no construction jobs to do.

4. He could take more courses in high school or at a vocational school. He could learn on the job if Jose could make time to train him. He could get trained by working first for another welding business that specializes in repair work.

5. b, c, e

III. Responses to Discussion Questions

1. Advantages: He saved time by not having to advertise, wait for responses, and interview people. Though Jamey may lack experience, this will give him a chance to show what he can do. Ben would have felt guilty talking to other people about the job when he already had Jamey in mind.

   Disadvantages: He might have found someone better or willing to take less pay. He has not given other good people a chance at the job because he did not advertise.

2. Advantages of hiring John: He has more experience. Your other welders will accept another male more easily than a female.

Disadvantages of hiring John: You have sidestepped the issue of giving women workers a fair shake.

Advantages of hiring Sandra: You can get a good worker and help working women at the same time. You will increase your appeal to customers who support women's rights.

Disadvantages of giring Sandra: She has less experience. Your other employees may cause trouble when you hire your first female welder. You may lose some customers who oppose changes in women's roles.

Possible ways to handle problems with Sandra's coworkers: Have a talk with each employee and explain that Sandra is a good worker and you expect her to be treated fairly. Introduce Sandra to each of her coworkers and point out how her skills and knowledge will add to the business. Set a model for fair, respectful treatment in the way you relate to Sandra.

3. Possible problems: Jim may be a top welder but may not have the skills to direct the work of others. Maybe Jim is trying to do as much welding as before and direct the others, so he's shortchanging his job as foreman. Maybe the other men are jealous of Jim or are testing him.

   How Mr. Jones could help: Visit the shop and watch how Jim spends his time. Talk to Jim about how things are going. Talk to the other men about how things are going.

IV. Group Activity

The purpose of this activity is to give students practice in writing a job description for a new employee of a welding business.

The teacher should give students feedback on:

a. whether the job duties will address the three problems Ben has now;

b. whether Ben can find someone able to do all the things he wants this person to do; and

c. whether the skills, education, and experience required are all necessary and appropriate.

Unit 5 - Organizing the Work (1 class period)

I. Case Study: Ben Miller has a regular plan for doing work: talk to the customer, estimate the job, and fill out a work order. He uses the work order to assign jobs to employees.

Text: Planning a Job
The Work Order
Scheduling Work

II. Responses to Individual Activities

1. To explain to customers what the jobs will take in time and materials. To get the customers' agreement on the price and on when payment will be made.

2. Job location; whom to bill; description of work; starting date; who will do the work; total labor; total material; total cost of the job.

3. To give him money to buy the materials for the job. To make sure customers will not change their mind about having the job done.

4.

WORK ORDER

FROM: West Coast Welding
1318 DeSoto
Rocky Heights

JOB FOR: Tom Carson
30 Baker Place

DATE: April 9
WORK ORDER NUMBER: 00075
ORDER TAKEN BY: Ben
START WORK ON: April 10
TERMS OF PAYMENT: 50% down, 50% on completion

Person Doing Work	Description of Work	Materials	Labor	Total Cost
Jamey	Build and install 2-panel 8'7" driveway gate (10 hours labor for construction; 5 hours labor for installation)	200 00	375 00	575 00

WORK STARTED: April 10, 1:00
WORK FINISHED: April 15, 2:30

TOTAL MATERIALS	200 00
TOTAL LABOR	375 00
TAX (5%)	10 00
TOTAL COST	$585 00

III. Responses to Discussion Questions

1. Strong points: He gives his employees flexibility and responsibility for scheduling their own time. He keeps a written daily schedule for himself. The work orders indicate which employees are working on which jobs at any given time.

Weak points: Ben has to rely on the employees to tell him when they are actually working on each job and how far along they are on it. There is no written record of when the construction part of the job (welding and painting) is done; only completion of the total job (including installation) is recorded.

2. No, it does not. Ben spends less time on welding now because he has to spend time on all the tasks involved in running the business, which he also enjoys. Because he can give other welding tasks to his employees, he can spend his welding time on the types of jobs he likes best--namely, making and installing ornamental fences, etc.

3. Students should consider the various management aspects of Ben's job (talking to customers, making estimates, working on the books, ordering supplies, supervising employees, paying bills and salaries, checking work, etc.) and the technical aspects of his job (constructing materials or equipment, repair work, painting materials, installing materials, etc.) They should consider ways in which Ben could assign tasks to his employees or contract them out, as well as ways he could get less enjoyable tasks done in less time--for example, not accepting as many repair jobs.

IV. Group Activity

The purpose of this activity is to give students practice in setting priorities for tasks and scheduling tasks for a welding business owner. The high-priority tasks are #2 (because this is a big job) and #3 and #5 (because both are needed to do tomorrow's installation job). Ben should do #2 and #5 between 9:00 and 12:00 because they add up to three hours. Then at 1:00 he should do #3. Then he can do the low-priority tasks beginning at 1:30, namely #1 (because there is a lot of driving time to estimate a fairly small job) and #4 (because repair work is less enjoyable and generally pays less for the time it takes). So Ben's schedule should look like this. (Note: the first two tasks could be reversed in order, and so could the last two, with the times adjusted accordingly.)

9:00	Make estimate for 900' fence around condominium	1:00	Pick up fence posts for installation job tomorrow
10:00	Finish welding and painting fence for installation job tomorrow	1:30	Make estimate for 10' driveway gate
12:00	Break for lunch	3:00	Repair trailer door

Unit 6 - Setting Prices (1 class period)

Case Study: Ben Miller raises his prices to take into account higher costs of materials and higher operating expenses.

Text: Costs, Expenses, and Profits
Other Factors That Affect Prices

II. Responses to Individual Activities

1. Cost of goods sold; operating expenses; and expected profit.

2. Problems of raising prices: Customers may not use as many of John's services. He may lose customers to lower-priced competing welders.

   Problem of cutting salary: Cutting his own salary is just a different way of losing money. Problem of cutting employee's hours: John's assistant may quit or not work as hard if John cuts his hours. Also, John may not be able to get the work done.

3. Each welding business may be different in: the income level of the customers it serves; rent and utility costs; experience and salary level of its welders; amount of competition nearby; and cost of its supplies.

4. $5, since $25 multiplied by .20 = $5.

III. Responses to Discussion Questions

1. The salary levels of employees; number of hours employees work; number of customers that each employee attracts; amount of time the owner must spend supervising and keeping records on employees; cost of equipment, work space, etc. that must be provided for employees.

2. (b) is about a 3% increase, which is enough to cover the 3% increase in cost of materials and operating costs.

3. It is true that Ben would save some time by not making an estimate. But he might lose money as a result by. (a) under- or over-calculating the supplies he needs and then either having to wait to order more or being stuck with an excess; (b) losing an order part-way through if he decided he had to raise the price and the customer would not accept it; (c) losing future business from customers if he decided he needed to raise the price; (d) losing money on a job if he underestimated what it would cost him to do it.

IV. Group Activity

The purpose of this activity is to give students practice in analyzing the factors that affect the price of a specific welding business product, and in comparing pricing for two different kinds of welding businesses.

Suggested Answers

1. Fencing prices would probably be lower at Washington's since he buys and sells in volume.

2. Cost of goods sold: Lower, since Washington orders in volume. Cost of salaries: It depends on who makes the fencing for Washington Welding and how their salaries compare to those of Ben Miller and his employees. Demand: There will probably be a greater demand for Ben's materials, since he has been selling fencing for some time and has a good reputation and some regular customers who come back (for example, building contractors who build condominiums and apartments). Competition: Ben Miller not only makes but also installs the fencing himself, so he has less competition. Washington Welding will be competing not only with Ben, but also with large mail order stores that sell ready-to-install iron fencing. Operating expenses: Probably lower for Washington Welding, since it is a high-volume business. Profit: Washington Welding operates on volume, so it may not need as much profit on each sale as Ben Miller does.

3. $25. Since Ben's operating costs are higher, he will lose money if he charges less than Washington Welding. He should not charge the same, because demand is higher and competition is lower for his custom-made fencing than it is for Washington Welding's. He should charge somewhat more to cover his higher costs and to take advantage of his competitive edge.

Unit 7 - Advertising and Selling (1 class period)

I. Case Study: Ben Miller uses word of mouth, business cards, the Yellow Pages, and a newspaper ad to advertise his business. The way that Ben treats his customers helps him "sell" his business.

Text: Advertising Methods
What Makes a Good Ad
Selling Your Products and Services
Selling Yourself

II. Responses to Individual Activities

1. Greet the customer. Do not keep customers waiting long. Talk over what the customer wants or needs. Describe the choices available in products or services. Explain the advantages and disadvantages of each product or service. Answer questions clearly.

2. It should be easy to understand; catch people's attention; be easy to recognize; give potential customers important information; make people want to buy what you are offering.

3. a; d; c; b

4. Convenience: Customers can have the fence they buy installed by West Coast Welding. Pride or status: West Coast Welding fences are of high quality; they have attractive, unique designs. Saving money: The fences, gates, and grates help to prevent theft of your money or possessions. Security: The fences, gates, and grates protect you from intruders who can do you harm, damage your property, or steal something.

5. Possible choices and reasons: (a) Newspaper ad, to attract new business, advertise sales, or introduce unique products or services. (b) The Yellow Pages, to attract people who already want to buy welding services or products; because it is a well-known medium. (c) Business card, because it is low-cost; it is handy to carry. (d) Word of mouth, because it is free; because potential customers will more readily believe your business offers good services/products if they hear it from someone they know.

III. Responses to Discussion Questions

1. a. Headline--Strong points: Catches your attention. Appeals to important security needs. Weak points: Does not mention protecting businesses. Does not mention the ornamental aspects of the products offered.

   b. Copy--Strong points: Describes the services offered. Describes the products offered. Appeals to important security needs. Explains the design choices. Weak points: Doesn't emphasize the beauty of the materials.

   c. Identification--Strong points: Gives name, address, and phone number of business; gives name of owner-foreman. Weak points: None; although some small businesses include their business license number in the ad.

   d. Layout--Strong points: Logical, moves from general to specific. Weak points: Very "square" in appearance.

2. Ben Miller should explain the advantages and disadvantages of his fencing in comparison to the customer's putting in a chain link fence with respect to: (a) cost; (b) convenience to the customer; (c) security; (d) customer's pride in her property. (The chain link fence will cost a lot less; it will require the customer to do the work; it will be easier to break down or crawl under or over; it will not be as attractive.)

3. An ad can be liked more by some customers than by others. For example, the ad Will helped Ben design may appeal more to customers concerned with security then to customers concerned with beauty. What can you do: Advertise in more than one way; for example, run a newspaper ad with photos of a complete job to emphasize the beauty of the fences or gates.

IV. Group Activity

The purpose of this activity is to give students practice in writing a printed ad for a welding business.

The teacher should give students feedback on each element of the printed ad, addressing the following points.

a. Headline: Does it express the major single idea about Manuel Cortes' special product? Is it the right length? Does it have the appropriate mood to attract the kind of customers Cortes Welding wants?

b. Copy: Does the copy give the basic facts about Manuel's products and services, or does it leave out information that would be important to the reader? Is it overcrowded with unnecessary information? Does it emphasize Manuel's unique services and products and the types of customers who need them?

c. Illustration: Is there an illustration that is easy to recognize and remember? Does it catch the reader's eye? Is it clear and well done? Does it support the ideas in the headline and copy?

d. Identification: Does the ad use a special logo or type-face that identifies the business? Does it include store location, hours, phone number, and owner's name?

e. Layout: Does the arrangement of the parts and use of white space make the ad easy to read? Does it catch the eye and stimulate the reader to look at all parts of the ad?

You should also discuss with students: (a) whether they feel the price of the ad is worth the benefits it will provide; and (b) possible ways to change the ad to bring the price down, if necessary.

Unit 8 - Keeping Financial Records (1 class period)

I. Case Study: Ben Miller uses a statement to record how much a customer owes and to bill the customer. He fills out the total revenues and total expenses for the day on a daily cash sheet.

Text: Planning Your Recordkeeping
Handling Credit
Filling Out a Daily Cash Sheet

II. Responses to Individual Activities

1. To keep track of money coming in. To keep track of money going out. To help in writing financial reports. To help in making business decisions.

2. To tell the small business owner how much each credit customer owes the business. To request payment from a credit customer.

3.

CUSTOMER BILLING FORM

Customer: Carter, 611 Cadet Rd., Ransom

Date	Description of Sale	Amount Charged	Payment Received	Balance Due
Nov. 5	Build and install driveway	$2000.00	$1000.00	$1000.00
	gate			
Nov. 23	Work completed			$1000.00

4.

DAILY CASH SHEET January 30

Cash Receipts		Cash Payments	
Cash Sales	$3,000	Salaries	$ 900
Credit Accounts	2,500	Building Expenses	
		Equipment and Furniture	
		Materials	900
		Advertising	
		Other	50
TOTAL CASH RECEIPTS	$5,500	TOTAL CASH PAYMENTS	$1,850

III. Responses to Discussion Questions

1. No. Daily revenues and daily expenses are quite variable. On days when both rent and salaries are due, for example, expenses may exceed revenues. You need to look at the overall balance between expenses and revenues over time to see how well your business is doing. Depending on how much fluctuation there is from one time to another in the revenues and expenses of your particular business, you need to accumulate daily figures over a week, month, several months, or a year to see whether expenses and revenues are in balance.

2. Give discounts for prompt payment. Charge penalties for late payment. Refuse credit to customers who have not paid promptly in the past. Take non-paying customers to small claims court. Do not accept credit at all.

3. To help catch errors or omissions quickly. To help you in preparing monthly or weekly records of revenues and expenses. If records are not kept daily, small errors or omissions may accumulate and be impossible to track down to their source.

IV. Group Activity

The purpose of this activity is to give students practice in planning and communicating about a financial recordkeeping system for a welding business.

An added outcome of this activity is to help students get a sense of how a business owner and the bookkeeper for the business work together.

Discuss with students:

1. the effects of the business owner's procedures for charging and paying bills on the financial recordkeeping that the business needs;

2. how Ben and Mike divide up the task of financial recordkeeping and whether it is a workable division of labor; and

3. whether the bookkeeping Mike plans to do will, in fact, give Ben the information he needs.

Unit 9 - Keeping Your Business Successful (1 class period)

I. Case Study: Ben Miller makes a profit his first year, but he wants to increase his profit ratio. To improve his cash flow, he develops a plan to get customers to pay sooner. To cut expenses and increase sales, he changes his services.

Text: The Importance of Cash Flow
Profit/Loss Statement
How to Keep Your Business Successful
Getting Information to Change Your Business

II. Responses to Individual Activities

1. The sum of the profit ratio, expense ratio, and cost of goods sold ratio equals 100%. As one ratio goes up or down, the others change accordingly.

2. Get people to pay their bills sooner. Cut down on your materials on hand. Try to buy your materials on credit. Take less cash out of the business for your salary.

3.

Scrubb Welding Company TWO-YEAR PROFIT/LOSS STATEMENT				
	Year 1		Year 2	
	$	%	$	%
Revenues	$50,000	100%	$80,000	100%
Cost of Goods Sold	20,000	40%	32,000	40%
Gross Profit	$30,000		$48,000	
Expenses	20,000	40%	30,400	38%
Net Profit	$10,000	20%	$17,600	22%

4. Scrubb Welding was more successful in Year 2. Revenues, net profit, and the profit ratio all rose.

III. Responses to Discussion Questions

1. Increase profits: If you are able to sell as many goods and services at a higher price, raising prices will increase profits. Decrease profits: If customers go elsewhere or use less of your goods and service when you raise your price, revenues will drop and you will have lower profits.

2. Net profit tells you whether you will have a decent salary and enough money to improve your business. As a business owner, you should earn more than you could earn as a welder employed for someone else. The profit ratio tells you whether you are earning enough profit as compared to your revenues. Some people earn a good net profit, but their profit ratio is too low. This means that if they reduced expenses or costs of materials, their profit could be even higher.

3. A welding business may want to stay small because: (a) it wants to concentrate on a specialty area for which there is limited demand; (b) the owner wants to do welding more than supervising employees or recordkeeping; (c) the business owner is satisfied with a fairly low net profit and does not need to expand to obtain more profit.

IV. Group Activity

The purpose of this activity is to give students practice in planning changes in a welding business in order to make it more successful. A second outcome of this activity is to help students get a sense of how a change in location can enable a welding business to increase profits by increasing sales, raising prices, or reducing expenses.

Give students feedback on whether their plans are appropriate for using the increased storage space and the store/display area. Also evaluate whether their plans are likely to have the desired effect of increasing profits.

Possible Plans to Increase Sales:

(a) Having sample fencing materials on display may attract new customers.

(b) Having more storage space will enable Ben to build up a supply of ready-to-install fencing materials. Then he can complete jobs more quickly and provide more goods and services in the same amount of time.

Possible Plans to Raise Prices:

(a) Having a store/display area may enable Ben to attract customers from a higher income level, since they will have a more comfortable and attractive place to come to see his fencing supplies and discuss possible jobs.

(b) By having standard fence and gate designs already made up and stored, Ben can spend more time on designing and fabricating special, more costly materials for which he can charge more.

Possible Plans to Reduce Expenses:

(a) Having more storage space will allow Ben to buy supplies in quantity at a lower price, or to buy more supplies when there is a reduced price.

(b) Having a separate store/display area will enable Ben to talk to customers without interrupting his employees' welding work. (Welding is so noisy that it cannot go on while Ben is showing customers sample supplies in the shop.)

Summary (30 minutes)

If desired, the Quiz may be given prior to summarizing the module and doing wrap-up activities.

Emphasize major points of the module such as:

- Welding provides a good opportunity for small business ownership.
- Welding business owners may be male or female, young or old, white, Chinese, etc. What they have in common is a desire to provide products and services that involve welding, and a desire to work for themselves!
- A welding business owner needs a good head for details. You don't have to do everything yourself, though. There are many ways to get help, including hiring employees and contracting for services.
- Most welding businesses change with time. Knowing how to analyze your business and make changes to keep it successful is very important.

Remind students that their participation in this module was intended as an awareness activity so they could consider entrepreneurship as a career option. Their introduction to the skills required for successful small business management has been brief. They should not feel that they are now prepared to go out, obtain a loan, and begin their own business. More training and experience are necessary. You can suggest at least these ways of obtaining that experience: one way is to work in the business area in which they would eventually want to have their own venture; another is to go to school (community colleges are starting to offer AA degrees in entrepreneurship).

This is a good time to get feedback from the students as to how they would rate their experience with the module. Could they identify with the characters portrayed in the case studies? How do they feel about the learning activities?

You may want to use a wrap-up activity. If you have already given the quiz, you can go over the correct answers to reinforce learning. Or you could ask class members to talk about what they think about owning a small business and whether they will follow this option any further. A possible activity is to have students develop a "scenario," or structured fantasy, of themselves in the future running a welding business. Students can write down or discuss the characteristics of their own business--from the services provided and its name and location to the procedures they will use to keep records, advertise, and maximize profits.

Quiz (50 minutes)

The quiz may be used as an assessment instrument or as an optional study tool for students. If you wish to use the quiz for study purposes, duplicate and distribute the answer key to students. In this case, student achievement may be assessed by evaluating the quality of students' participation in module activities.

Quiz Answer Key

1. (a) More people are potential customers for light repair work, so more welding businesses are after their business. (b) Generally, it takes less skill to do repair work, so more welders can compete for that work.
2. a
3. c
4. c
5. a
6. b
7. c
8. Do it him- or herself; hire an employee to keep the books; contract out the task to an independent bookkeeper
9. c
10. Customer's name; services to be performed; materials to be supplied; total payment due; person doing work
11. Operating expenses; cost of materials (cost of goods sold); how much time it takes to do the job; workers' salaries; demand for the service; amount of competition; expected profit.
12. a
13. Be simple; catch people's eye; be easy to recognize; give important information about the business; have a pleasing layout
14. Offer high-quality products; treat customers politely; explain product choices and the pro's and con's of each
15. The billing form requests payment from the customer, while the account form gives information to the business as to how much the customer owes.

16. d

17. c

18. c

19. d

SUGGESTED READINGS

General Entrepreneurship References

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Jeanneau, J. A. Small business management: Instructor's manual (4 vols.). Prince Albert, Saskatchewan: Department of Manpower & Immigration, Training Research and Development Station, 1973.

National Business Education Association. Business ownership curriculum project for the prevocational and exploratory level (grades 7-9): Final report. Reston, VA: Author, 1974.

Nelson, R. E., Leach, J. A., & Scanlan, T. J. Owning and operating a small business: Strategies for teaching small business ownership and management. Urbana, IL: University of Illinois, Department of Vocational/Technical Education, Division of Business Education, 1976.

Rowe, K. L., & Hutt, R. W. Preparing for entrepreneurship. Tempe, AZ: Arizona State University, College of Business Administration, 1979.

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Those small business blues. Time, May 5, 1980.

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Acknowledgments: Bill Koehler and Barbara Payne, Pacific Coast Welding, Mountain View, California

GOALS AND OBJECTIVES

Goal 1: To help you plan a welding business.

Objective 1: Describe the services, customers, and competition of a welding business.

Objective 2: List three personal qualities a welding business owner should have.

Objective 3: List two ways to help a welding business "stand out" from its competition.

Objective 4: List two special legal requirements for running a welding business.

Goal 2: To help you choose a location for a welding business.

Objective 1: List three things to think about in deciding where to locate a welding business.

Objective 2: Pick the best location for a welding business from three choices.

Goal 3: To help you plan how to borrow money to start a welding business.

Objective 1: Write a business description for a welding business.

Objective 2: Fill out a form showing how much money you need to borrow to start a welding business.

Goal 4: To help you learn about managing work and people in a welding business.

Objective 1: Decide how to divide the work of a welding business among several people.

Objective 2: Pick the best person for a specific job in your welding business.

Objective 3: Describe one kind of training you might give your employees.

Goal 5: To help you organize the work of a welding business.

Objective 1: On a work order form, list what needs to be done for one of your customers.

Objective 2: Plan a work schedule for yourself or an employee.

Goal 6: To help you decide how to set prices for a welding business.

Objective 1: Pick the best price for one of the services or products of a welding business.

Goal 7: To help you learn ways to advertise and sell the services or products of a welding business.

Objective 1: Pick one way to advertise a welding business.

Objective 2: Write an ad for a welding business.

Objective 3: Describe one way to sell the products of a welding business.

Goal 8: To help you learn to keep financial records for a welding business.

Objective 1: Fill out a customer billing form for welding services or products.

Objective 2: Fill out a daily cash sheet for money you receive and pay out in one day.

Goal 9: To help you learn how a welding business can stay successful.

Objective 1: Determine the net profit, profit ratio, and expense ratio for a welding business.

Objective 2: State one way to increase profits.

Objective 3: State one way to change a welding business to increase sales.

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